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THE SECRETARY OF STATE
WASHINGTON

March 27, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: Cyrus Vance *Cv*
Warren Christopher *WC*
SUBJECT: Letter from Congressional Group
That Recently Visited Latin America

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principal claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs.

We are committed to the proposition that it is preferable to use positive actions ("rewards") and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. However, in addition to the general thrust of our human rights policy, we are explicitly required by a wide array of federal statutes to oppose grants or loans to human rights violators.

We have acted with moderation in these matters. Of the over 400 loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have sought to defer consideration of about 20 loans pending human rights developments in the countries in question; in several of these cases the deferrals were only temporary.

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The countries that applied for the loans as to which we cast negative votes, abstained, or obtained postponements number only 13, as follows:

<u>No Votes</u>	<u>Abstentions</u>	<u>Postponed</u>
Argentina	Argentina	Chile
Chile	Benin	El Salvador
Paraguay	Central African Empire	Korea
South Yemen	Ethiopia	Nicaragua
Uruguay	Guinea	Paraguay
	Korea	Uruguay
	Philippines	

We have also been moderate in withholding or delaying our bilateral economic aid on human rights grounds. Of hundreds of AID projects that have been considered since January 1977, we deferred only 22, five of which were subsequently approved. The very low ratio of deferral results from the fact that virtually all of these projects meet basic human needs. Only six countries were involved, as follows:

Central African Empire
Chile
Ethiopia
Nicaragua
Paraguay
Uruguay

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The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the human rights provisions apply only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits approval if the loan or project would directly benefit the needy. However, there can be little doubt that the governments of the countries listed above are (or were at the time of the vote) engaged in serious violations of human rights, some in greater degree than others. As for the other "condition" in the legislation -- the "needy people" exception -- we have already put as much strain on it as it can bear.

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance. The Group was set up last April pursuant to an NSC directive. To promote better understanding of the lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have prepared the attached summary of the Group's background and operations (Tab 1). This summary stresses that the Group's main purpose is to carry out the applicable statutory provisions and that it has full representation from State's geographical bureaus as well as current information from our embassies in the countries involved.

Our human rights policy is by no means all "sanctions". Consistent with P.D. 30, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. We are also encouraging the IFI managements to channel their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. (As you know, in response to P.D. 30, an interagency study is underway on the effectiveness of recent U.S. actions in the IFIs, and it will

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shed further light on the issues discussed above.)
In general, we believe that greater emphasis on
"rewards" rather than "sanctions" can lead to
beneficial results.

A proposed response to the Congressmen is
attached under Tab 2.

Attachments:

Tab 1 - Summary and Background of
Interagency Group on Human
Rights and Foreign Assistance.

Tab 2 - Proposed response to Congressmen.

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SUGGESTED REPLY

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Dear _____:

I have reviewed your letter of March 16 concerning our efforts to bring human rights considerations to bear on foreign assistance decisions. We are in agreement that it is preferable to use positive actions and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. Pursuant to my recent direction, increasing reliance will be placed on positive steps to encourage human rights improvements in both our bilateral and multilateral aid programs.

While consideration of so-called "sanctions" is sometimes required by explicit federal statutes as well as our policy, we have employed such measures with care and moderation. Of the over 400 loans that have been voted on in the IFIs since January 1977, we have voted against nine and abstained on 14 on human rights grounds. In addition, consideration of about 20 loans has been deferred; in several of these cases the deferral was only temporary. Of the hundreds of AID projects that have been considered since January 1977, we have deferred 22 on human rights grounds, and five of these were subsequently approved.

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Each of the actions taken was the result of a conscientious effort to apply existing legislation in light of the best information we could obtain on human rights conditions in the countries involved. Let me assure you that we have made every effort to apply the legislation as fairly and as flexibly as possible and that we will continue to do so. In particular, we have given a broad construction to the "needy people" exception so as to permit loans and grants to go forward where appropriate.

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance. The Group was created last April to assure that our foreign assistance programs would reflect our human rights concerns as required by applicable legislation. I am enclosing herewith for your information a summary of the Group's background and operations. As this summary states, the Group has representation from the State Department's regional bureaus, as well as current information from our Embassies in the countries involved.

In conclusion, I want to emphasize that our human rights policy is by no means all "sanctions." We are intensifying efforts to direct a greater share of our bilateral economic assistance to governments that show

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respect for human rights. We are also complying with the statutory requirement that we seek to channel IFI lending to countries with good human rights records and to programs that serve basic human needs.

We will continue to keep you informed of our actions in this area. I appreciate your having brought your concerns to my attention.

Sincerely,

OFFICE OF THE DEPUTY
SECRETARY OF STATE

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Chris -

The President
sent the letter
we gave him, with
some modifications
that made it
even stronger.

Scw.

Department of State, A/GIS/IPS/SRP

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THE WHITE HOUSE

WASHINGTON

April 12, 1978

Department of State, A/GIS/IPS/SRP

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IPS by

[Signature]

To Congressman William Moorhead

I have reviewed your letter of March 16 concerning our efforts to bring human rights considerations to bear on foreign assistance decisions. We are in agreement that it is preferable to use positive actions and normal diplomatic channels in pursuing our human rights objectives.

While consideration of so-called "sanctions" is required by several explicit federal statutes, we have employed such measures with care and moderation, and we have tried to be flexible in pursuit of our objective of improving the observance of human rights around the globe. Of more than 400 loans voted on in the IFIs since January 1977, we have voted against nine and abstained on 14 on human rights grounds. In addition, consideration of about 20 loans has been deferred; in several of these cases the deferral was only temporary. Of the hundreds of AID projects considered since January 1977, we have deferred 22 on human rights grounds. Five of these were subsequently approved. I believe that these steps were helpful in attaining real improvements in human rights, which have occurred in the world in the past year.

In each of these actions we tried conscientiously to apply existing legislation in light of the best available information on human rights conditions in the countries involved. We have also been careful to apply the "basic human needs" exception so as to permit loans and grants to go forward if our humanitarian objectives are met.

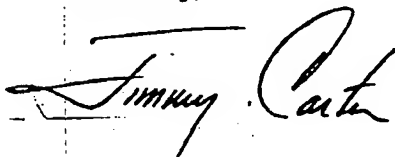
All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance. The Group was created last April to assure that our foreign assistance programs would reflect human rights concerns as required by applicable legislation. As you will recall, at the time I took office, Congress was deeply concerned that human rights had been insufficiently considered in these programs, and in part the creation of the Group was a response to that concern. I am sending along a summary of the Group's background and operations.

Our human rights policy is by no means all "sanctions." We are trying harder to direct a greater share of our bilateral and multilateral assistance to governments that respect human rights. Our concern for human rights and world development has also led us to place great emphasis on fulfilling our pledges to the international development banks and to consider with the Congress increases in the next replenishments. I hope that you and your Committee will work with us to see that our goals are fulfilled.

I would like to add that I am very concerned that Congress and the Administration work closely together to insure that inappropriate human rights provisions do not hamper such international measures as the Witteveen Facility. As you rightly point out, a human rights policy requires flexibility. I hope that you will work actively with the Administration to achieve this objective.

We will continue to keep you informed of our actions in this area. I am glad you shared your concerns with me.

Sincerely,



The Honorable
William S. Moorhead
House of Representatives
Washington, D. C. 20515

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Box 15

HR - Congressional Relations

(tab 12)